



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

MAR 19 2012

201224042

T:EP:RA:TZ

U.I.L.: 414.08-00

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XXXXXXXXXXXXXXXXXXXXXXXXXXXX

Attn: xxxxxxxxxxxxxxxx  
xxxxxxxxxxxxxxxxxxxx

Legend:

Committee A	=	XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Committee S	=	XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Fund T	=	XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Plan X	=	XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Plan Y	=	XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Plan Z	=	XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Society B	=	XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Society C	=	XXXXXXXXXXXXXXXXXXXXXXXXXXXX
State B	=	XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Directory D	=	XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Company M	=	XXXXXXXXXXXXXXXXXXXXXXXXXXXX

**201224042**

Dear xxxxxxxxx:

This letter is in response to your request dated xxxxxxxxxx, as supplemented by correspondence dated xxxxxxxxxx, xxxxxxxxx and xxxxxxxxxx, submitted on your behalf by your authorized representative regarding the church plan status of Plan X, Plan Y, and Plan Z, (collectively referred herein as the "Plans") within the meaning of section 414(e) of the Internal Revenue Code (Code).

The following facts and representations have been submitted on your behalf:

Committee A is a nonprofit corporation located in State B and is exempt from Federal taxes as an organization described in Code section 501(c)(4).

Committee A's purposes are to educate its members and other persons, and to educate policy-making officials in various branches of government with respect to issues touching on its testimonies and beliefs. Committee A furthers its purposes by preparing and distributing literature and other educational materials, conducting and encouraging visits and interviews of persons in positions of authority in the national and state governments, and working in coalitions with other organizations with similar goals in accordance with Article 1, section 3 of its Bylaws.

Committee A is controlled by and shares common religious bonds and convictions with Society B which is an organized religion which originated in England in 1652 and came to what is now the United States in 1656. Its fundamental organizational unit is the "Monthly Meeting" which holds weekly worship services in a given community. Two or more Monthly Meetings in the same geographic area are grouped into "Quarterly Meetings" which serve to coordinate business and information between Monthly Meetings and "Yearly Meetings". Yearly Meetings consist of constituent Quarterly and Monthly Meetings in a geographic area and are the main governing bodies for Society B. All members of a Monthly Meeting are thereby members of the Quarterly and Yearly Meetings in a geographic area and are also automatically members of Society C. Committee A receives its financial support from approximately 628 Monthly and Yearly Meetings of Society B.

Committee A, the sponsor of the Plans, is governed by Committee S. All members of Committee S must be members of Society B. Two-thirds of the members of Committee S are appointed by Yearly Meetings and other associations, conferences, agencies and committees of Society B. The other one-third of the members is self appointed by Committee S. Committee A is listed in Directory D as an organization associated with the Yearly Meetings of Society B.

Committee A controls one other entity, Fund T. Fund T is also a nonprofit corporation located in State B and is exempt from Federal taxes as an

educational organization described in Code section 501(c)(3). Its purpose is to educate members of Society B and others with respect to issues that touch on its testimonies and beliefs. Fund T has no employees at the present time and does not participate in the Plans.

Plan X is a successor plan to a money purchase pension plan originally established on February 1, 1963, and which was amended and restated to be a 401(k) plan effective January 1, 2001. The participants in Plan X are eligible current and former employees of Committee A. Plan X is a non-standardized prototype profit sharing plan sponsored by Company M and has received a favorable determination letter dated July 26, 2005. Plan Y is a plan under Code section 129 and Plan Z is a cafeteria plan under section 125 of the Code.

All of the Plans have been amended to provide that the plan administrator is the Benefits Committee, all members of which are appointed and may be removed by Committee A. The Benefits Committee was appointed by Committee A on October 9, 2004. The principal purpose or function of the Benefits Committee is the administration of the Plans. Prior to the board resolution amending the plans, the plan administrator was Committee A.

None of the employees participating in the Plans are employed in connection with an unrelated trade or business within the meaning of Code section 513.

Committee A has not made the election under section 410(d) of the Code with respect to Plan X, its predecessor money purchase plan, or any other employee benefit plan it maintains. However, it has in the past voluntarily operated its plans in compliance with the standards of ERISA.

In accordance with Revenue Procedure 2011-44, Notice to Employees with reference to Plan X was provided on November 17, 2011. This notice explained to participants of Plan X the consequences of church plan status.

Based on the foregoing, you request a ruling that Plans X, Y, and Z are church plans within the meaning of section 414(e) of the Code..

Section 414(e)(1) of the Code generally defines a church plan as a plan established and maintained for its employees (or their beneficiaries) by a church or a convention or association of churches which is exempt from taxation under section 501 of the Code.

Section 414(e)(2) of the Code provides, in part, that the term "church plan" does not include a plan that is established and maintained primarily for the benefit of employees (or their beneficiaries) of such church or convention or association of churches who are employed in connection with one or more unrelated trades or businesses (within the meaning of section 513); or if less than substantially all of

the individuals included in the plan are individuals described in section 414(e)(1) or section 414(e)(3)(B) (or their beneficiaries).

Section 414(e)(3)(A) of the Code provides that a plan established and maintained for its employees (or their beneficiaries) by a church or by a convention or association of churches includes a plan maintained by an organization, whether a civil law corporation or otherwise, the principal purpose or function of which is the administration or funding of a plan or program for the provision of retirement benefits or welfare benefits, or both, for the employees of a church or a convention or association of churches, if such organization is controlled by or associated with a church or a convention or association of churches.

Section 414(e)(3)(B) of the Code defines "employee" of a church or a convention or association of churches to include a duly ordained, commissioned, or licensed minister of a church in the exercise of his or her ministry, regardless of the source of his or her compensation, and an employee of an organization, whether a civil law corporation or otherwise, which is exempt from tax under section 501, and which is controlled by or associated with a church or a convention or association of churches.

Section 414(e)(3)(C) of the Code provides that a church or a convention or association of churches which is exempt from tax under section 501 shall be deemed the employer of any individual included as an employee under subparagraph (B).

Section 414(e)(D) of the Code provides that an organization, whether a civil law corporation or otherwise, is associated with a church or a convention or association of churches if the organization shares common religious bonds and convictions with that church or convention or association of churches.

Revenue Procedure 2011-44, 2011-39 I.R.B. 446 supplements the procedures for requesting a letter ruling under section 414(e) of the Code relating to church plans. The revenue procedure (1) requires that plan participants and other interested persons receive a notice in connection with a letter ruling request under section 414(e) for a qualified plan, (2) requires that a copy of the notice be submitted to the Internal Revenue Service ("IRS") as part of the ruling request, and (3) provides procedures for the IRS to receive and consider comments relating to the ruling request from interested persons.

In order for an organization that is not itself a church or convention or association of churches to have a qualified church plan, it must establish that its employees are employees or deemed employees of a church or convention or association of churches under section 414(e)(3)(B) of the Code by virtue of the organization's control by or affiliation with a church or convention or association of churches. Employees of any organization maintaining a plan are considered to be church employees if the organization: 1) is exempt from tax under section 501 of the

Code; 2) is controlled by or associated with a church or convention or association of churches; and 3) provides for administration or funding (or both) of the plan by an organization described in section 414(e)(3)(A) of the Code. To be described in section 414(e)(3)(A) of the Code, an organization must have as its principal purpose the administration or funding of the plan and must also be controlled by or associated with a church or convention or association of churches.

In this case, Committee A is an organization described in Code section 501(c)(4), which is exempt from tax under section 501 of the Code. Committee A is governed by Committee S. All members of Committee S must be members of Society B. Two-thirds of the members of Committee S are appointed by the Yearly Meetings and other associations, conferences, agencies and committees of Society B. The other one-third of the members is self appointed by Committee S. Committee A is listed in Directory D as an organization associated with the Yearly Meetings of Society B.

Committee A was formed to coordinate and enhance the efforts of Society B to lobby the executive and legislative branches of national government with respect to issues touching on its testimonies and beliefs. Committee A receives its financial support from approximately 628 Monthly and Yearly Meetings of Society B.

Pursuant to section 414(e)(2) of the Code, the Plans are not maintained primarily for the benefit of employees employed in connection with one or more unrelated trades or businesses with the meaning of section 513 of the Code.

All of the Plans have been amended to provide that the Plan Administrator is the Benefits Committee, all members of which are appointed and may be removed by Committee A. The Benefits Committee was appointed by Committee A on October 9, 2004. The principal purpose or function of the Benefits Committee is the administration of the Plans.

Because Committee A is associated with Society B within the meaning of section 414(e)(3)(D) of the Code, the Benefits Committee is considered to be associated with a church or convention or association of churches within the meaning of section 414(e)(3)(A) through its relationship with Committee A. Therefore, based on the information provided, it is concluded that Committee A is an organization that shares common religious bonds and convictions with Society B and is associated with Society B under the rules of section 414(e)(3)(D) of the Code. It is further concluded that Committee A employees are employees of an organization, whether a civil law corporation or otherwise, which is exempt from tax under section 501 of the Code and which is associated with a church or convention or association of churches. Under the rules of section 414(e)(3)(B) of the Code, Committee A employees are considered to be church employees for purpose of the church plan rules.

In addition, the administration of the Plans satisfies the requirements regarding church plan administration under section 414(e)(3)(A) of the Code. Accordingly, the Plans are maintained by an organization that is associated with a church or convention or association of churches, the principal purpose or function of which is the administration of the Plans for the provision of retirement benefits or welfare benefits, or both, for the deemed employees of a church or convention or association of churches.

Based on the foregoing facts and representations, we conclude that plans X, Y, and Z are church plans within the meaning of Code section 414(e).

This letter expresses no opinion as to whether Plan X, satisfies the requirements for qualification under Code section 401(a). The determination as to whether a plan is qualified under section 401(a) is within the jurisdiction of the Manager, Employee Plans Determinations Program, Cincinnati, Ohio.


This letter expresses no opinion as to whether Plan Y satisfies the requirements of section 129 of the Code or whether Plan Z satisfies the requirements of section 125 of the Code.

This ruling is directed only to the taxpayer who requested it. Code section 6110(k)(3) provides that it may not be used or cited by others as precedent.

A copy of this letter is being sent to your authorized representative pursuant to a Power of Attorney on file in this office.

If you have any questions regarding this letter, please contact xxxxxxxxxxxxxxxx, SE: T: EP: RA: T3, at xxxxxxxxxxxxxxxx.

Sincerely yours,



Laura B. Warshawsky, Manager  
Employee Plans Technical Group 3

Enclosures:

Deleted Copy of letter ruling  
Notice 437

cc: xxxxxxxxxxxxxxxx